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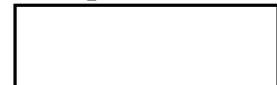
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National Intelligence Daily (Cable)

6 March 1979

DIA and DOS review(s)
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National Intelligence Daily (Cable)

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Special Analysis

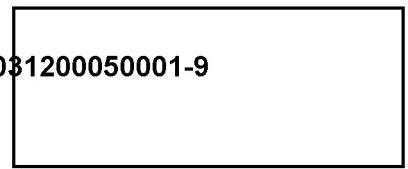
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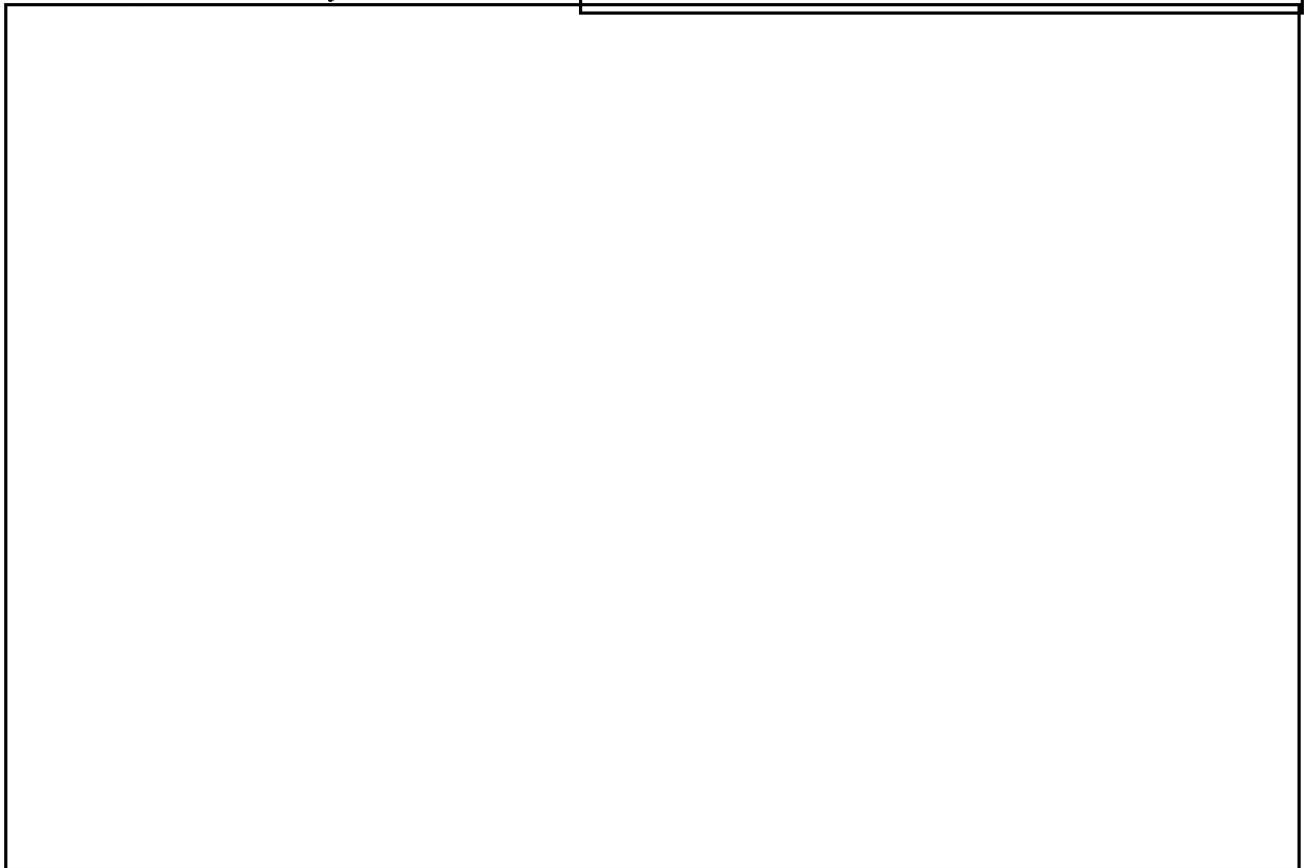
SITUATION REPORTS

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CHINA-VIETNAM-USSR

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The Chinese apparently are beginning to withdraw some units from Vietnam.



Hanoi has not yet responded directly to China's announcement yesterday of its intention to withdraw its forces from Vietnamese territory. The Chinese statement calls again for negotiations to settle outstanding differences but warns Hanoi that China may strike again if Vietnamese harassment of departing Chinese troops would constitute such a provocation.

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[Redacted Box]
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Shortly after the Chinese announcement, but not necessarily in direct response to it, Hanoi issued a general mobilization order, calling on the country to "defeat the war or aggression of the Chinese expansionists and hegemonists." The Vietnamese had earlier dismissed as "fraudulent" rumors of China's impending withdrawal, claiming that China was seeking only to expand the conflict. They have also advised diplomatic dependents to evacuate Hanoi. [Redacted Box]

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Beijing's announcement confronts the Vietnamese leadership with an important decision. They could permit the Chinese to pull back with a minimum of opposition, thereby recovering lost territory and bringing about a curtailment of active fighting, while claiming a victory in their propaganda. If they decide, however, to harass or counterattack departing Chinese troops, in order to make it appear the Chinese were leaving as a result of military pressure, they run the serious risk of prolonging and expanding an already costly conflict.

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Soviet media initially branded the Chinese announcement as false and propagandistic. Moscow Domestic Service stated that the announcement is intended to deceive public opinion and mask China's real plans. TASS claimed that the Chinese actually plan to expand the war in northern Vietnam and are threatening Laos by moving troops, artillery, and armor to the border. [Redacted Box]

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A later TASS commentary was less categorical in dismissing the announcement. It noted that there were many conditions and reservations in the Chinese statement and that the next few days will show what the Chinese really mean. TASS said there was no evidence that the withdrawal had actually begun. [Redacted Box]

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In Tokyo during a meeting with members of the Japanese Diet, Soviet Ambassador Polyansky reportedly said that the USSR has not intention of annulling the Sino-Soviet treaty, which expires next year. Polyansky also criticized the Japanese attitude toward China's aggression in Vietnam. [Redacted Box]

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NORTH YEMEN - SOUTH YEMEN

The Arab League's Foreign Ministers, meeting in Kuwait to resolve the Yemeni border conflict, today announced a seven-point agreement calling on the two sides to withdraw their armed forces within 10 days, to reopen the border, and to cease hostile broadcasts. The Foreign Ministers also created military and mediation committees to implement the agreement, proposed a North Yemen - South Yemen summit meeting, and asserted their opposition to third-party intervention in Yemeni affairs.

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Before the Foreign Ministers' announcement, the US Embassy in Sana said it believed South Yemen is engaged in a calculated attempt to isolate the southern half of North Yemen. The Embassy estimated that the southern-backed forces could shortly cut the Sana-Taizz road--thus effectively achieving their goal. North Yemeni officials were said to be particularly concerned about South Yemen's effective use of long-range artillery and rockets, which the northerners are unable to counter.

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Southern forces reportedly consolidated their positions yesterday and began rocket-shelling two villages about 20 to 25 kilometers from the Sana-Taizz road. If the villages were to fall, the South Yemeni forces would come within artillery range of the road. A military adviser to North Yemeni President Salih claimed yesterday that North Yemeni defenders were holding their own, and the US defense attache confirms that reinforcements--regular troops or tribesmen--were being trucked toward these villages at mid-day.

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[REDACTED]

Continuing military setbacks could lead to Salih's ouster. At present, it seems likely he would be succeeded by another conservative military officer, perhaps Chief of Staff Lt. Col. Ali Shayba or Brigade Commander Major Mohammad Sanabani.

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Because Salih's removal would unleash strong political currents, it is possible that some leftist groups-- perhaps including remnants of the pro-Libyan faction that attempted a coup last October or members of the Baath Party--could seize power. In that event, former leftist Prime Minister Muhsin al Ayni, now out of the country, might attempt a comeback. These groups would almost certainly be less friendly to the US than recent regimes in Sana; they probably would align the country closer to Aden.

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A third possibility is the assumption of power by tribal leader, Abdallah al Ahmar, paramount sheikh of the influential Hashid confederation who has long had designs on power. Mujahid Abu Shuarib, who reputedly has leftist sympathies, is another ambitious tribal leader.

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//North Yemeni officials still have been unable to provide hard evidence to support their claims that Cubans are fighting alongside South Yemeni - backed forces.

[REDACTED] however, Cuban artillery advisers have participated in the conflict, especially at Al Baydah on the South Yemen - North Yemen border. We believe that Havana--sensitive to charges of violating existing frontiers--would be wary about allowing its advisers to enter much beyond the border region, unless persuaded that Cuban specialists had a vital role to play.//

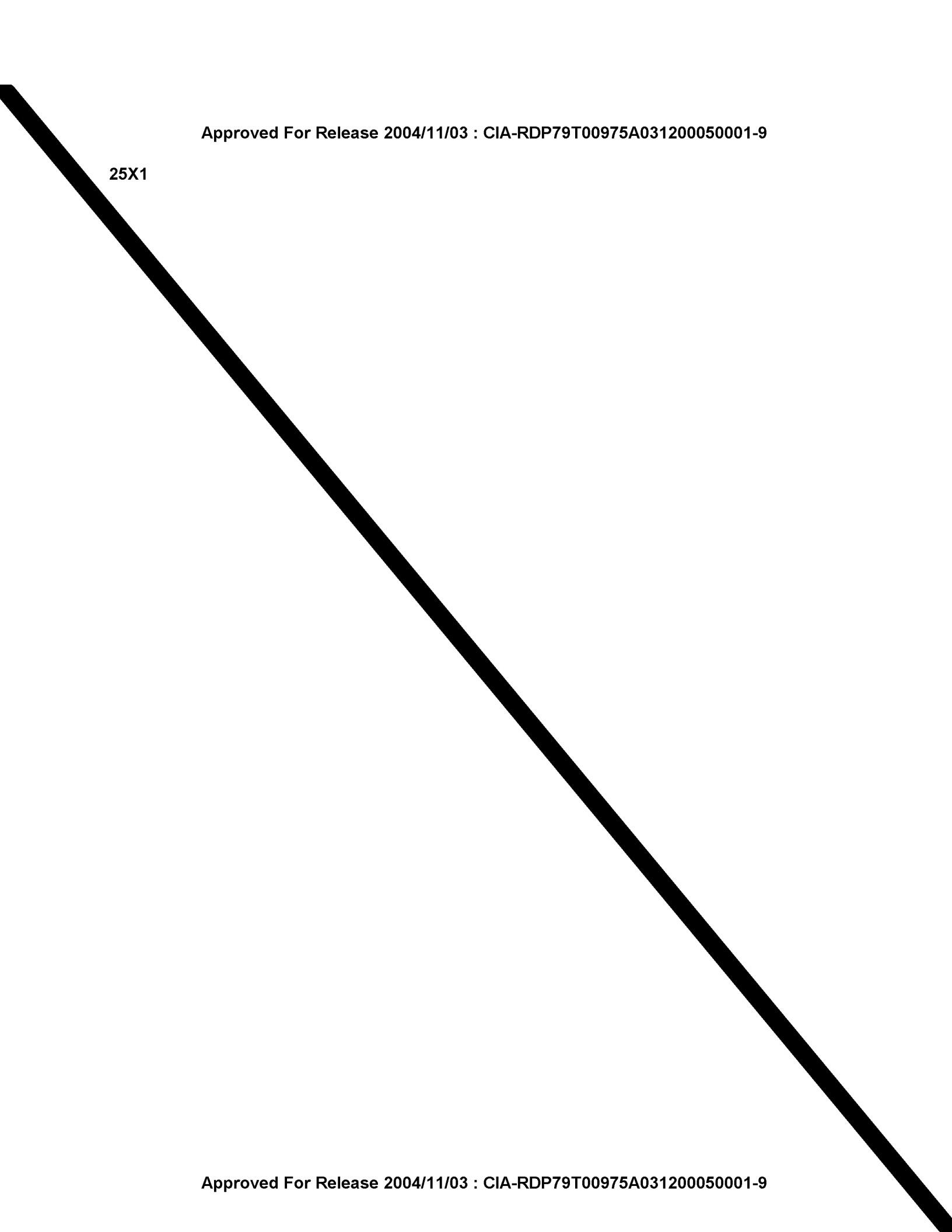
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BRIEFS AND COMMENTS

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IRAN: Internal Problems



The first Iranian crude oil to be exported since 26 December--about 2 million barrels--was taken by a Japanese company yesterday. Initially, Iran will offer small quantities for export at spot prices about \$5 to \$6 above official OPEC posted prices. Exports are still too insignificant to affect either world market prices or company supply cutbacks. The National Iranian Oil Company claims crude output has reached 1.6 million barrels per day, up from 700,000 barrels per day in late February. About 800,000 barrels per day are required for domestic consumption.

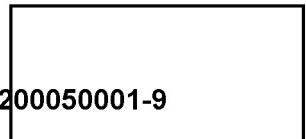
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The government has indicated it will no longer market crude through the consortium of 14 Western oil companies that formerly lifted more than half of Iran's exports. The government, however, has not ruled out sales to individual companies that are members of the consortium.

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CHAD: Fighting Resumes

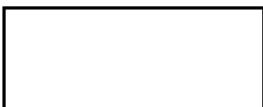
The US Embassy in Ndjamena reports that forces loyal to Muslim Prime Minister Habre launched a major attack yesterday there against supporters of President Malloum. The renewed fighting is almost certainly in response to recent provocations instigated by Malloum. The resumption of hostilities undermines a two-week-old truce and may postpone, if not scuttle, the scheduled meeting in Nigeria tomorrow of representatives of Habre, Malloum, rebel leaders, and various mediators; the meeting is intended to lay the groundwork for a political settlement. The Nigerians may also reconsider plans to send a small peacekeeping force to Ndjamena. Chadian Army units loyal to Malloum continue to abandon garrisons and territory in the central and eastern parts of the country as they withdraw south to towns that can be more easily supplied and defended against advancing rebels. Rebel forces are threatening one government garrison only 70 kilometers from Ndjamena. France, which now has some 2,500 soldiers in Chad, is limiting its military involvement to advising the Chadian Army and maintaining order in major towns. Other French forces stationed in Gabon are said to be on standby alert for possible use in Chad should the situation continue to deteriorate.

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NIGERIA: Politicking Intensifies

Serious political campaigning in anticipation of elections and a scheduled return to civilian rule in October has intensified in recent weeks resulting in some increase in political violence. The federal government has decreed stiff penalties for instigating violence. The regime does not now believe the transition is seriously threatened.

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SOUTH KOREA: Antigovernment Declaration

//South Korean dissident leaders, including President Pak's longtime adversary Kim Tae-chung, issued a harsh antigovernment declaration on Sunday and announced the formation of a new front group to bring about the "restoration of democracy" in Korea. Although the declaration violates Pak's Emergency Measure 9 banning criticism of the government, the President's security services evidently have decided not to make any arrests at this time. They appear to be relying instead on large scale surveillance operations, harassment, and temporary house arrests to limit antigovernment activities this spring. Korea's university students are returning to the campuses this week and next; if they try to stage major demonstrations the government could be provoked into stronger countermeasures.//



CHINA: Attitude Toward Geneva Committee on Disarmament

//In late January, a Chinese official abroad stated privately that China may actively participate in the Committee on Disarmament at Geneva within two years. Beijing has thus far refused to join in multilateral disarmament negotiations, asserting that such discussions are designed by the "superpowers"--particularly the USSR--to freeze other countries into positions of military inferiority. This is the most positive indication to date of the growing Chinese interest to participate in the committee. China reserved a seat at the initial session of the new Committee but has not formally attended the meetings.

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SPECIAL ANALYSIS

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ITALY'S GOVERNMENT CRISIS: A Tentative Prognosis

[Redacted]

Italy's political crisis has a long way to run, and any predictions of its outcome are necessarily speculative. Analysis of the power relationships between and within the principal parties, however, brings one point into sharp relief: there is little prospect that the Italian Communists can be denied a significantly larger and more direct governing role. This assessment rests on two key assumptions: that the Socialist Party will be unable to resolve the internal differences and other problems that prevent it from joining the Christian Democrats in a non-Communist government, and that the crisis is likely to lead to an election that will not appreciably alter relative party strengths.

[Redacted]

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The Christian Democrats insist that the 1976 election gave them a mandate to keep the Communists out of government, and they show no sign of yielding to Communist demands for cabinet posts. Communist Chief Berlin-guer remains convinced that to accept less would leave his party in the same politically exposed position it occupied under Prime Minister Andreotti, when the Communists were pledged to support the government in Parliament but had only a consultative role in policymaking. Only the Socialist Party could break this deadlock--by forming a majority with the Christian Democrats--but the Socialists are unwilling to do so if the Communists are left free to criticize from the opposition. These factors make an early election all but inevitable.

[Redacted]

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Election forecasting is particularly difficult in Italy, but most estimates, including Communist and Christian Democratic evaluations, have the Communist vote falling by a few points--but not below 30 percent--and the Christian Democratic tally rising slightly--but remaining around 40 percent. The prevailing view is that the Socialists would hold their own--9.6 percent in 1976--or gain slightly. Many Socialists, however, fear they might suffer a setback.

[Redacted]

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It is unlikely that a combination drawn from the seven small parties--which include neo-Fascist and leftist extremist parties with which the Christian Democrats dare not ally--could give the Christian Democrats a majority without either Socialist or Communist support.

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Thus, a new election will probably confirm the predominance of the two major parties, leaving the Christian Democrats with essentially the same options they have today.

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The failure of the Socialists to establish their party as a reliable alternative to the Communist Party is at the heart of the problem. Even though they were allied with the Christian Democrats in the national government from 1963 to 1974, they have never been able to break clear of the Communists, with whom they now share power in local governments representing about half of Italy's population. To some extent, the ambivalence reflects a fear that too exclusive an association with either major party would lead to the Socialists' absorption. It also mirrors a deep split in the party between those who view the Communists as their natural allies and those who are willing to work with the Christian Democrats.

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Socialist Chief Craxi is in the latter category. He seemed during the last year to be giving his party new vitality, primarily by rallying Socialists around the one theme on which they could all agree--Socialist "autonomy." He hoped that, given enough time, this policy would allow him to broaden the party's electoral appeal, distinguish it more clearly from the Communists, and lay the basis for renewed cooperation with the Christian Democrats.

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The Communist move against the government, however, deprived Craxi of the time he needed. The divisions in the party have now resurfaced, and Craxi has been forced to adopt the sort of contradictory stance that has always undermined Socialist credibility--claiming Socialist "autonomy" on the one hand while asserting on the other that the Socialists cannot join any government from which

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the Communists are excluded. Berlinguer has thus already achieved one of his goals in bringing Andreotti down; he has demonstrated that the Socialists are still a weak reed for the Christian Democrats to lean on. [redacted]

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The major choice the Christian Democrats face in the current maneuvering is whether to give enough now to avoid an election, thus conceding more to the Communists but perhaps gaining time for something to come to the rescue. Assuming they opt for an election and assuming it goes as seems likely, there are three possible outcomes to the current crisis:

- Communist entry into the government.
- A Communist return to the opposition.
- A compromise solution that denies the Communists cabinet seats but gives them a substantial and increased voice in policymaking and policy execution. [redacted]

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If the Christian Democrats retain their plurality in an election, they will almost certainly have done so by relying once again on a tough anti-Communist campaign. They are thus likely to emerge with the same dilemma they have today: in need of Communist cooperation but pledged to keep the Communists out of government. This dilemma is likely to be compounded by deep divisions in the Christian Democratic Party over how far to go in barring for Communist support. [redacted]

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It might appear that the Communists could simply force their way in, using the party's labor strength and its apparent ability to cause widespread economic disruption. The Communists, however, must be careful not to throw their weight around in ways that damage their image of responsibility--one of the main factors behind their broad appeal. [redacted]

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These constraints on the Christian Democrats and Communists are likely to give the smaller parties some leverage even if they perform poorly in an election. Thus, the election would not signal an end to political maneuvering. [redacted]

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The only result that would slice through all these complications--and bring the Communists immediately into the government--would be one that featured small party losses of such magnitude that the Christian Democrats had no arithmetical alternative to coalition with the Communists. That, however, would require a greater polarization of the electorate than seems likely at this point.

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Political leaders thus will probably find themselves once again in search of a formula that allows the Communist Party to claim it is part of government while the Christian Democrats maintain it is not. It will be more difficult to find such a formula this year than in 1976, however, because the Communists have been convinced by experience that such midstream status poses too many political risks.

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If Berlinguer again agrees to something less than cabinet seats, he will almost certainly insist on strict guarantees that Communist advice be solicited--and be verifiably heeded--on nearly all policies. Such a package might include "technician" ministers associated with the Communist Party, Communist membership on some sort of formal committee charged with managing economic policy, and a Christian Democratic agreement to form coalitions with the Communists in some key local governments. In short, Berlinguer would have to be able to say--convincingly--that he stood on the verge of cabinet status.

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Despite their distaste for such an agreement, the Christian Democrats seem likely to see it as the least objectionable choice, because the only remaining option--allowing the Communist Party to go into opposition--would in all probability merely lead the Christian Democrats in a circle. They would have to turn for a majority to the Socialists, who would probably be more inclined to follow the Communists into opposition--leaving the Christian Democrats once again at Berlinguer's door.

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